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ABSTRACT

A study determined the extent to which older workers are enrolled in federal employment and training programs, what services are provided, and how performance measures affect services. Data collections methods included surveys of officials in the 50 states and Washington, D.C. and Puerto Rico on states' services through several major federal employment and training efforts; surveys of local workforce areas; telephone interviews with 10 national Senior Community Service Employment Program grantees; and visits to 5 states. Findings indicated about 12 percent of the 1.3 million older people who were not working and wanted a job were enrolled in these programs between July 2000 and June 2001. The majority of older people enrolled received subsidized jobs through the Senior Community Service Employment Program. About one-third participated in programs funded by the Workforce Investment Act (WIA) and Trade Adjustment Assistance. Most older workers enrolled in these programs received job search assistance, but some also received job training. Fewer providers served older workers through separate specially tailored programs, but some special services were still available to older workers. As a result of WIA's performance measures, employment and training providers were less likely to enroll some older workers in services such as training. (Appendixes include scope and methodology and some data.) (YLB)

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ED 474 215

United States General Accounting Office

GAO

Report to the Ranking Minority Member, Subcommittee on Employer-Employee Relations, Committee on Education and the Workforce, House of Representatives

January 2003

OLDER WORKERS

Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services

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January 2003

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Highlights

Highlights of GAO-03-350, a report to the Ranking Minority Member, Subcommittee on Employer-Employee Relations, Committee on Education and the Workforce, House of Representatives

OLDER WORKERS

Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services

Why GAO Did This Study

Some economists predict that by 2030, the United States could experience a labor shortage of 35 million workers. As the shortage approaches, one option available is to encourage people to work beyond traditional retirement ages, especially because people who are age 55 or older will constitute nearly a third of the population. Accordingly, increasing demands will be made on the workforce development system to help ensure that older workers are provided opportunities to help address the anticipated labor shortage.

Concerned that the existing workforce development system may not meet the needs of older workers, the Subcommittee's Ranking Minority Member asked GAO to determine the extent that older workers are enrolled in federal employment and training programs, what services are provided, and how performance measures affect such services.

What GAO Recommends

GAO recommends that the Secretary of Labor assess Workforce Investment Act performance measures and make adjustments as necessary to eliminate disincentives to enrolling older workers in the program. Labor generally agreed with our recommendation and has formed a task force to review older worker services and said that as it assesses program performance measures, it will identify and eliminate factors that discourage participation.

www.gao.gov/cgi-bin/getrpt?GAO-03-350.

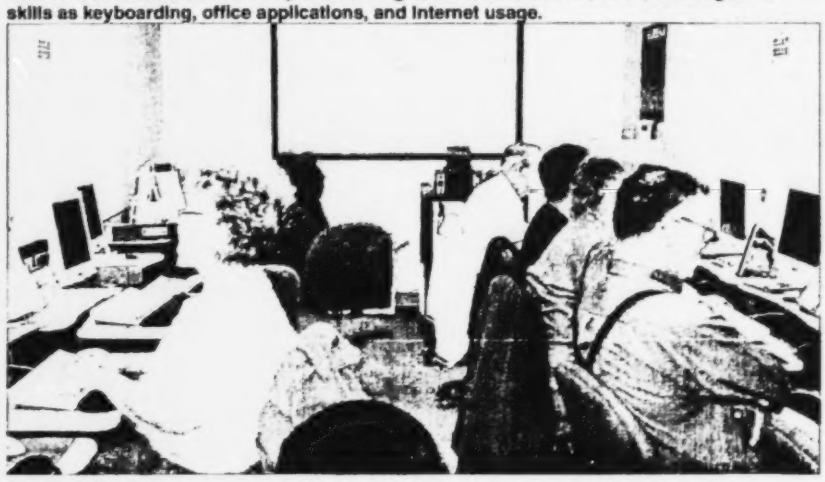
To view the full report, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or nilsens@gao.gov.

What GAO Found

About 12 percent of the 1.3 million older people who were not working and wanted a job were enrolled in these programs between July 2000 and June 2001. Some older workers received services without being enrolled in a program but these people were not counted in program statistics. The majority of older people enrolled received subsidized jobs through the Senior Community Service Employment Program. About one-third participated in programs funded by the Workforce Investment Act and Trade Adjustment Assistance. Most of the older workers enrolled in these programs received job search assistance, such as help in preparing for interviews and writing resumes, but some also received job training. Research findings have been inconsistent as to whether older workers have distinct learning needs, but Workforce Investment Act program providers are less likely now than in the past to have separate programs for older workers.

The Workforce Investment Act requires program providers to report certain information so that Labor can determine how well programs are performing. These performance measures include how many participants find jobs and how much their earnings have increased. Program providers report that some performance measures provide a disincentive to enrolling older workers into the program because of employment characteristics that may negatively affect program performance. For example, in 6 of 10 the local areas we visited, officials said they considered performance measures a barrier to enrolling older workers seeking part-time jobs because they would have lower earnings and therefore reduce program performance. Consequently, some older workers may only receive job search assistance and not have access to in-depth services, such as computer training.

Older workers enrolled in a computer training class in Sacramento, Calif., learning such skills as keyboarding, office applications, and Internet usage.



Source: Experience Works

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Abbreviations

JTPA	Job Training Partnership Act
SCSEP	Senior Community Service Employment Program
TAA	Trade Adjustment Assistance
WIA	Workforce Investment Act

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United States General Accounting Office
Washington, DC 20548

January 24, 2003

The Honorable Robert E. Andrews
Ranking Minority Member, Subcommittee
on Employer-Employee Relations
Committee on Education and the Workforce
House of Representatives

Dear Mr. Andrews:

Some economists predict that by 2030, the nation could experience a labor shortage of 35 million workers. If the potential labor shortage is not addressed, the nation's productivity, growth, and international competitiveness could be threatened. As the shortage approaches and labor markets begin to tighten, one option available to increase the labor supply is to encourage people to stay in the labor force beyond traditional retirement ages, especially because people who are age 55 or older will constitute nearly a third of the total population—an increase of 46 percent over three decades. Evidence suggests that older workers—those people aged 55 and older who are either currently employed or seeking employment—have a unique relationship with the labor market. Generally, although older workers are less likely to lose a job, they are less likely to seek reemployment after losing work and may experience a larger loss in earnings, as compared to younger workers, when they do re-enter employment.[1] With the potential labor shortage and an aging population, increasing demands will be made on the workforce development system to help ensure that older workers are provided adequate opportunities to help address the anticipated labor shortage and meet employer needs for labor.

In 2000, several employment and training programs provided services to older workers. These programs included the Senior Community Service Employment Program, which primarily provides low-income older workers with subsidized employment in public agencies and nonprofit organizations; the Workforce Investment Act programs, which provide job search assistance and training to adults and individuals who have lost their

[1]See U.S. General Accounting Office, *Older Workers: Demographic Trends Pose Challenges for Employers and Workers*, GAO-02-85 (Washington, D.C.: Nov. 16, 2001).

jobs because of layoffs or plant closings (dislocated workers); and the Trade Adjustment Assistance programs,[2] which provide employment and training assistance for those individuals who have lost their jobs due to the adverse effects of international trade.

When the Workforce Investment Act replaced the Job Training Partnership Act in 2000, it represented a major change in how employment and training services were delivered to older workers. States were no longer required to set aside funds to provide services specifically for older workers and new performance measures were developed to assess program success. The act also created a one-stop system where information about and access to a wide array of employment and training services became available at a single location. Concerned that existing federal employment and training programs may not be oriented towards the needs of older workers, you asked us to determine (1) the extent to which people aged 55 and older are enrolled in federal employment and training programs and what services they receive, (2) how employment and training services are provided to older workers, and (3) how performance measures may have affected services for older workers.

To determine what employment and training services are provided to people aged 55 years and older (older workers) and how these services are provided, we surveyed responsible officials in each of the 50 states and Washington, D.C., and Puerto Rico, on states' services for older workers through several of the major federal employment and training efforts: (1) the Workforce Investment Act (49 states responded), (2) the Senior Community Service Employment Program (50 states responded), and (3) the Trade Adjustment Assistance programs (48 states responded). We also surveyed all 595 local workforce areas to obtain information on services provided to older workers and received 470 responses. In addition, we conducted telephone interviews with the 10 national Senior Community Service Employment Program grantees and visited 5 states (Arizona, California, Florida, Massachusetts, and Pennsylvania) to obtain more detailed information on how services are provided to older workers and what these services include. We selected these states based on a variety of considerations, such as the proportion of their population that was 55 or older and whether they used Workforce Investment Act funds

[2]Trade Adjustment Assistance programs include Trade Adjustment Assistance (TAA) and North American Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA). These programs were combined under the Trade Adjustment Assistance Reform Act of 2002.

specifically for older workers. Within each state, we visited two local areas and met with local officials to discuss how older workers access services and how these services are delivered. We judgmentally selected these local areas to provide a mix of urban and rural areas. (App. I contains a more detailed discussion of our scope and methodology.) We performed our work between January and December 2002 in accordance with generally accepted government auditing standards.

Results in Brief

About 12 percent of the 1.3 million older people who were not working and wanted a job were enrolled in federal employment and training programs between July 2000 and June 2001. Although people who enroll in in-depth employment and training services are included in program statistics, others who receive more limited or informal services are not counted, making it difficult to determine the total number of older workers receiving employment and training services. Among those enrolled in federal employment and training programs, we found that approximately 156,000 people were aged 55 and over—the majority of whom had subsidized jobs through the Senior Community Service Employment Program. Participants in this program usually earn the minimum wage and frequently work in education and social service agencies in positions such as teacher aides and receptionists. Fewer people age 55 and over were enrolled in the Workforce Investment Act and Trade Adjustment Assistance programs. Of the 49,600 older people enrolled in these programs, most received job search assistance, such as interviewing and resume writing workshops, while a smaller number received training—including training for specific jobs as well as for basic work skills. In addition, over 60 percent of those leaving the Workforce Investment Act programs obtained unsubsidized jobs.

Employment and training providers are less likely now than in the past to establish separate programs for older workers, but older workers still have access to some services designed specifically for them. While research findings on whether older workers have distinct learning needs have been inconsistent, Workforce Investment Act and Trade Adjustment Assistance providers generally do not serve older workers in separate programs, instead choosing to include older workers in the services they provide to all workers. For example, 90 percent of local areas responding to our survey said their occupational training classes funded through the Workforce Investment Act are designed for workers of all ages. When the Workforce Investment Act was enacted, eliminating the requirement that states reserve funds for older workers, most states did not continue to fund programs specifically for older workers. However, 10 states indicated

that they used Workforce Investment Act funds during 2000 to support special programs for older workers, such as separate computer classes tailored to older workers. Although most states have not used Workforce Investment Act funds to support separate older worker programs, at the local level the one-stop centers give older workers access to the Workforce Investment Act and Trade Adjustment Assistance programs, as well as to the Senior Community Service Employment Program that is specifically for older workers. About four-fifths of local areas responding to our survey said the Senior Community Service Employment Program is colocated in their one-stop centers, increasing the likelihood that some targeted services are available to older workers.

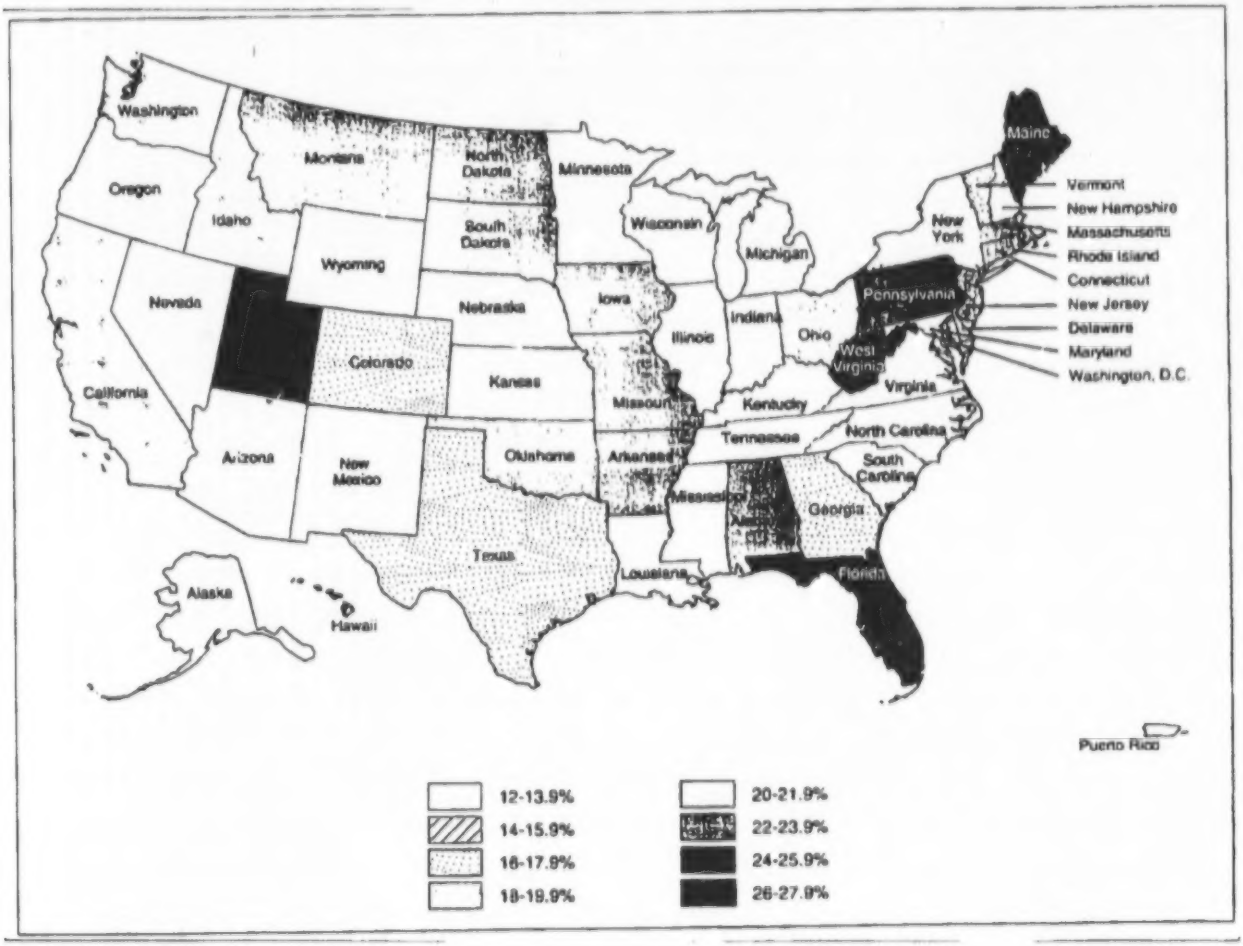
Employment and training providers report that Workforce Investment Act performance measures have limited older workers' access to more intensive services and training because older workers have employment characteristics that may adversely affect program measures, particularly those related to changes in earnings. The Department of Labor holds states and local areas accountable for performance using several measures and state and local areas may receive financial incentives if they meet or exceed set performance levels but may be penalized if they fail to meet these levels. Data from the Current Population Survey suggest that older workers have unique employment characteristics, such as being more likely than younger workers to work part time and to take larger pay cuts when re-entering the labor market. All older workers can receive Workforce Investment Act program basic job search assistance but their unique employment characteristics may discourage program administrators from enrolling older workers into more in-depth services, such as training. For example, officials in 6 of the 10 local workforce areas that we visited consider performance measures a barrier to enrolling older workers because of their high prior wages and/or their desire to work part time.

We are recommending that the Secretary of Labor assess Workforce Investment Act performance measures and make adjustments as necessary to eliminate the disincentive to enrolling older workers in programs funded by the Workforce Investment Act. In its comments, Labor generally agreed with our recommendation and said that it has formed a task force to review services to older workers and to identify policies to help meet the needs of this group. Labor also noted that as it assesses program performance measures it will identify and eliminate factors that discourage participation of any group.

Background

In 2000, approximately 59 million people aged 55 and over resided in the United States. The proportion of people aged 55 and over living in each state ranged from about 13 percent in Alaska to about 27 percent living in Florida (see fig.1).

Figure 1: Proportion of People Aged 55 and Over Living in Each State in 2000



Source: 2000 Decennial Census.

In program year 2000,[3] older workers received employment and training services from various federal employment and training programs, including the Senior Community Service Employment Program (SCSEP),

[3]A program year starts on July 1 of the calendar year. Program year 2000 ran from July 1, 2000, to June 30, 2001.

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the Workforce Investment Act (WIA), and Trade Adjustment Assistance (TAA) programs. These programs have various eligibility requirements and offer employment and training services through different mechanisms.

Title V of the Older Americans Act of 1965 authorizes SCSEP to promote part-time community service activities specifically for low-income older individuals and to foster economic self-sufficiency through unsubsidized employment. SCSEP, funded at $440.2 million in program year 2001, is limited to people 55 years and older with incomes at or below 125 percent of the federal poverty level.[4] For program year 2000, Labor allotted 78 percent of the funds to 10 national grantees, including the AARP Foundation, Experience Works (formerly Green Thumb), and the National Council on the Aging, Inc. (See appendix II for a complete list of national grantees and funds expended in program year 2000.) The remaining 22 percent was allotted to each of the 50 states, District of Columbia, Puerto Rico, and the other territories. At least 75 percent of SCSEP funds must be used to subsidize participants' wages—typically for minimum wage jobs in nonprofit and public sector agencies. The remaining funds may be used for such activities as assessments, counseling, training, and job placement assistance. Section 502(e) of title V authorizes limited funds to be used for projects placing older workers in unsubsidized employment in the private sector. (See appendix III for more details on how these funds were used in program year 2000.) These projects are intended to emphasize training for jobs that reflect required technological skills.

TAA programs assist U.S. workers who lose their jobs because of increased imports from, or shifts in production to, foreign countries. These programs provide benefits such as trade re-adjustment allowances (extended income support beyond normal unemployment insurance benefits), services such as job training, and funds for job search and relocation. Groups of workers or their representatives can petition the Department of Labor for certification of eligibility to apply for services or benefits under TAA programs. In fiscal year 2001, TAA programs received about $407 million to provide income support and training benefits.

WIA specifies one funding source for each of the act's main client groups—adults, dislocated workers, and youths—and creates a system whereby clients can obtain information about and access to a wide array

[4]In 2000, this would equate to $21,315 for a family of four in all states except Alaska and Hawaii.

of job training, education, and employment services at a single location, called a one-stop center. WIA specifies 17 partner programs that are to provide services through the one-stop center, including SCSEP and TAA. This partnership can take different forms, including physical colocation at the one-stop center or providing electronic linkages to the partners' programs. WIA requires that the adult and dislocated worker programs, funded at about $2.5 billion in program year 2001, provide three levels of service: (1) core job search assistance, including the provision of labor market information, and a preliminary assessment of skills and needs; (2) intensive job search assistance, including comprehensive assessments, creation of an individual employment plan, case management, and short-term prevocational services;[5] and (3) training, including skill upgrading, literacy classes, and occupational training. Core services are available to all job seekers, but WIA enrollment is required for intensive services and training. Under the adult program, all persons aged 18 or older are eligible to receive core services. In areas where funds are limited, priority for intensive services and training must be given to recipients of public assistance and other low-income individuals. The dislocated worker program is generally for those individuals who have been laid off and are unlikely to return to their previous employment. To be eligible for the youth program, persons must be aged 14—21; have low income; and meet at least one of six barriers to employment, such as being a school dropout, homeless, or an offender.

When WIA replaced the Job Training Partnership Act (JTPA) in July 2000, it replaced the requirement that each state reserve five percent of its adult allotment specifically for older worker services with the provision that states can set aside up to 15 percent of their adult, youth, and dislocated worker allotments to support statewide workforce activities. WIA also contains a requirement that each state and local area receiving WIA funds must achieve certain levels of performance on several measures. The Department of Labor evaluates performance on these measures to determine fiscal incentives and sanctions. Some measures are common to both the adult and dislocated worker programs, such as job placement and retention, but earnings are measured differently for the two programs. For the adult program, the measure compares participants' earnings before entering the program to their earnings after completing

[5]Short-term prevocational services prepare individuals for employment or training and include development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance, and professional conduct.

the program and expresses the difference as an actual dollar amount. For the dislocated worker program, participants' earnings after completing the program are expressed as a percentage of their earnings before entering the program.

In a previous GAO report on WIA performance measures,[6] we found that established performance measures were a concern to state and local officials because of the fiscal sanctions associated with failure to meet them. We reported that the need to meet performance measures might be the driving factor in deciding who receives WIA-funded services at the local level. For example, local staff might be reluctant to provide WIA-funded services to job seekers who may be less likely to get and keep a job or those who may be less likely to experience an increase in earnings.

Older People Enrolled in Federal Programs Generally Receive Subsidized Community Service Jobs and Job Search Assistance

Approximately 12 percent of all older people who were not working and wanted a job were enrolled in federal employment and training programs; most of these individuals received subsidized community service jobs or job search assistance, while a smaller number received training. The majority of these older individuals, about 68 percent, were enrolled in SCSEP. Other older workers may receive job assistance services without being enrolled in a federal employment and training program, but these individuals are not counted in program statistics.

Programs Enroll about 12 Percent of Older People Who Want Jobs

We found that approximately 156,000 people aged 55 and older were enrolled in SCSEP, TAA, and WIA adult and dislocated worker programs between July 2000 and June 2001—representing about 12 percent of all the people in this age group who wanted a job but were not working. According to the Current Population Survey, an average of 1.3 million people aged 55 to 90 years old were unemployed or were out of the labor force and wanted a job[7] during this same time period. Many of these

[6]See U.S. General Accounting Office, *Workforce Investment Act: Improvements Needed in Performance Measures to Provide a More Accurate Picture of WIA's Effectiveness*, GAO-02-275 (Washington, D.C.: Feb. 1, 2002).

[7]The Current Population Survey defines the unemployed as actively seeking work. People defined as out of the labor force and wanting a job, are people who are not searching for employment but have stated they want a job. Some people who are retired are considered to be out of the labor force and wanting a job.

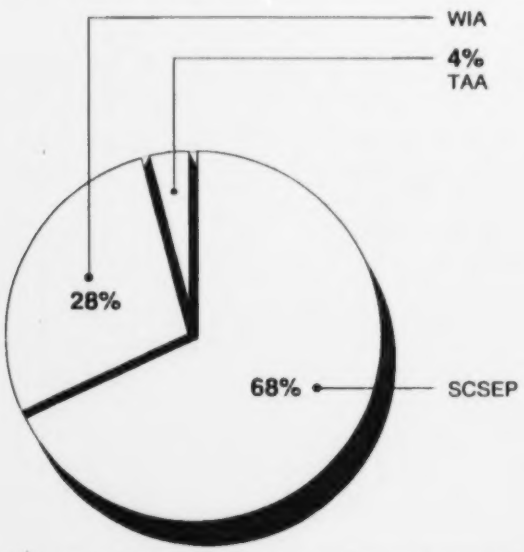
individuals consider themselves to be retired but wish to rejoin the labor market. Some of these individuals are actively looking for work; others have tried to find work in the past and have become discouraged from continuing their job search. In terms of the 59 million people who were age 55 and older in 2000, less than 1 percent was enrolled in SCSEP, WIA, and TAA.

The total number of older people enrolled in these federal employment and training programs is smaller than the number of people aged 55 and older who may have actually received services. Although federal employment and training programs count the number of people enrolled in in-depth services,[8] individuals who receive more limited or informal employment assistance are not included in program statistics. Within the WIA programs, for example, individuals can access self-service employment resources, such as job listings, through entry-level core services without enrolling in WIA. Similarly, within SCSEP, some older people receive job search assistance from staff without being enrolled as clients in the program. In Pennsylvania, for example, some SCSEP providers maintain a job bank for older individuals who need help finding a job but do not meet the income eligibility requirements for the program.

Of the 156,000 older people enrolled in the three federal employment and training programs, more than two-thirds received SCSEP services. Our surveys also show that more people aged 55 and over were enrolled in WIA programs than in TAA programs (see fig. 2).

[8]National program statistics count the number of SCSEP participants in the community service jobs program and the number of WIA participants enrolled in intensive services and training.

Figure 2: Use of SCSEP, WIA, and TAA by the 156,000 People Aged 55 and Over Who Were Enrolled in Federal Employment and Training Programs (July 2000–June 2001)

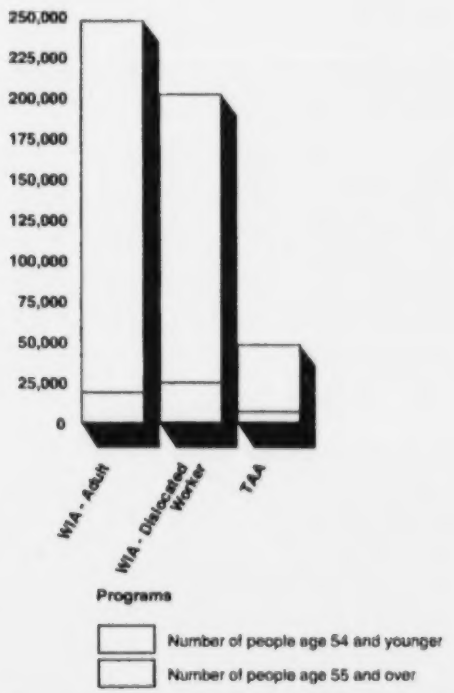


Sources: SCSEP data is from the Department of Labor. WIA and TAA data is from our national surveys that had a response rate of 94%.

Note: While individuals may be co-enrolled across programs, limited national data exists on co-enrollments and what data are available shows few co-enrollments.

Although SCSEP only enrolls people aged 55 and over, the WIA and TAA programs serve both older and younger individuals. We found that older people make up a relatively small proportion of the total number of people enrolled in WIA and TAA programs (see fig. 3). Our surveys show that both the WIA dislocated worker and adult programs enrolled more older people than the TAA programs.

Figure 3: Number of People Enrolled in WIA and TAA Programs by Age (July 2000-June 2001)



Sources: WIA and TAA data are from our national surveys that had a response rate of 94%.

Note: States that did not submit enrollment data by age are not included.

To the extent that it could be determined, the three federally funded employment and training programs that we reviewed reach a small proportion of those likely to be eligible. Although different eligibility requirements and limited data make it difficult to determine the number of older people who qualify for the three federal employment and training programs we reviewed, some information is available on the number of older people enrolled in individual programs. For example, SCSEP enrolled about 1 percent of adults aged 55 and older whose incomes would make them eligible for services. Within WIA, the adult program enrolled less than 1 percent of all people aged 55 and older who would have been eligible on the basis of age. The percentage of eligible older people enrolled in the WIA dislocated worker program and the TAA programs is

unknown, because national labor statistics do not track the population of older people who qualify for these services. Nevertheless, information on older people who have experienced mass layoffs shed some light on this population. For example, the number of older people enrolled in the WIA dislocated worker program represented about 14 percent of older people who had experienced extended mass layoffs.[9] Likewise, the number of older people enrolled in the TAA programs constituted about four percent of people aged 55 or older experiencing extended mass layoffs. However, extended mass layoff data only provides a rough approximation of the population eligible for these two programs because the data excludes some older people who may qualify for services and includes others who may not meet program eligibility requirements, particularly for the TAA program.

Older People Most Likely to Receive Subsidized Community Service Jobs and Job Search Assistance

Although WIA and TAA are seen as providing transitional services to help unemployed people find jobs, SCSEP primarily provides low-income older people with long-term subsidized employment. For those older people enrolled in WIA and TAA programs, most received job search assistance, while a smaller percentage received job training.

The 106,000 individuals who received SCSEP jobs worked part time in nonprofit and governmental host agencies, and typically earned the minimum wage. SCSEP participants worked in a variety of fields, ranging from public works to health care; however, they most frequently held positions in education and social service organizations. SCSEP community service jobs vary and can include positions such as teacher aides, librarians, day care assistants, receptionists, and nurse's aides. Although some of the host agencies provide services primarily to senior citizens, most SCSEP jobs are with agencies that serve the general community.

SCSEP has historically focused on providing older people community service opportunities and income support, rather than employment and training services. However, recent legislative changes to the program have emphasized the importance of transitioning SCSEP participants into

[9]The extended mass layoff data described here covers cases where employers have laid off at least 50 workers for a period of at least 31 days and the workers have applied for unemployment insurance.

unsubsidized jobs.[10] While some SCSEP administrators permit older people to work in subsidized community service jobs for 15 years or more, other SCSEP operators have instituted time limits—of 1 to 2 years—to encourage participants to find unsubsidized employment.[11] SCSEP provides some job search assistance and training services to people aged 55 and over to help them find unsubsidized jobs. For example, many SCSEP providers help participants create resumes and prepare for job interviews. In addition, SCSEP operators have limited amounts of funding that can be used to pay for classroom courses and on-the-job training at private sector companies. For example, at least 14,000 older individuals—many of whom were also enrolled in the community service jobs program—participated in SCSEP training programs between July 2000 and June 2001 to prepare for private sector jobs.[12]

People aged 55 and over also received job search assistance and training services through WIA and TAA programs. Of the approximately 523,000 people enrolled in TAA and WIA adult and dislocated worker programs between July 2000 and June 2001, about 49,600 were aged 55 and older. We estimate that most of these older people received job search assistance, while a smaller percentage received job training.[13] Job search assistance can include the provision of job listings and information on the skills needed to obtain these jobs, career counseling, and interviewing and resume writing workshops. Training includes remedial education classes, and occupational skills training taught in a classroom or on-the-job. Remedial classes focus on literacy and other basic education and work skills, while occupational skills training prepares people for specific careers. For example, some occupational skills training helps participants obtain credentials or licenses for particular professions, such as nursing or truck driving.

[10]The Older Americans Act Amendments of 2000, signed into law on November 13, 2000, mandated that Labor establish performance measures requiring SCSEP operators to generally place at least 20% of program participants into unsubsidized jobs.

[11]Between July 2000 and June 2001, 13 states and 3 national grantees operating SCSEP programs had time limits on the length of time participants could either stay at a specific host agency or in the subsidized community jobs program.

[12]These training programs were primarily funded under section 502(e) of the Older Americans Act.

[13]This estimate is based on TAA and WIA data from our national surveys, as well as WIA data from the Department of Labor. Labor's WIA data tracks participants who received services and exited WIA during program year 2000.

Within WIA adult and dislocated worker programs, older people received job search assistance through core services before enrolling in the programs and receiving intensive services and training. Of those people aged 55 and over enrolled in these WIA programs, data suggest that about half of these individuals also received training. In addition, many other older people may have received job search assistance through WIA's core services without enrolling in the program and were not counted in program statistics. Within the TAA programs, more people received job training than job search services; however, only about 6,600 people aged 55 and over were enrolled in this program.

Across SCSEP, WIA and TAA, we found similarities in the characteristics of the older people enrolled in these programs. For example, women constitute the majority of participants aged 55 and over in all three programs. Likewise, as shown in table 1, most older participants in each program have at least a high school diploma or general equivalency diploma.

Table 1: Demographics of People Aged 55 and Over across SCSEP, WIA, and TAA Programs

Program[a]	Percentage of participants aged 65 or over	Percentage of female participants	Percentage with at least a high school diploma or equivalent
SCSEP	62	73	66
WIA-Adult	19	57	76
WIA-Dislocated Worker	8	53	88
TAA	10	61[b]	69

Sources: WIA and SCSEP data are from the Department of Labor. TAA data are from GAO's national survey and the Department of Labor.

[a]WIA data cover the 12,309 older workers enrolled in PY00, who received services through local adult and dislocated worker programs and who exited WIA during this same year. The age data include all 12,309 older people but due to missing data the gender data are for 12,308 and the education data for 10,070. SCSEP gender and education data are for 60,978 PY00 enrollees who have not exited the program. SCSEP age data are for 60,992 PY00 enrollees who have not exited the program.

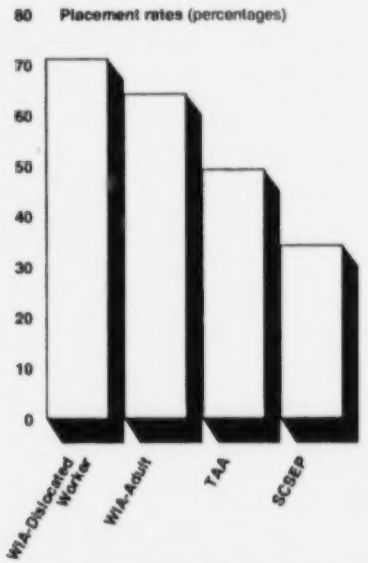
[b]Data on the gender of TAA participants were provided by the Department of Labor and cover 3,645 older people who received TAA services between 10/1/2000 and 9/30/2001, and then exited the program. The other TAA data presented here come from GAO's TAA survey and cover the 6,628 older workers enrolled in the program in PY00.

Although older participants share some similar characteristics across programs, the people enrolled in SCSEP tend to be older than those enrolled in WIA[14] and TAA programs. While the majority of SCSEP

[14]WIA data are for individuals who received services through local adult and dislocated worker programs and who exited WIA programs before April, 2001.

participants are age 65 or older, approximately 80 to 90 percent of the older participants in WIA and TAA programs are between the ages of 55 and 64. Older participants exiting WIA are more likely to be placed in unsubsidized jobs than older participants exiting TAA and SCSEP (see fig 4).

Figure 4: Unsubsidized Placement Rates for Older People Enrolled in WIA, TAA, and SCSEP (July 2000–June 2001)



Sources: SCSEP and WIA data are from the Department of Labor. TAA data are from our national surveys that had a response rate of 94%.

Note: WIA placement rates are calculated by counting the number of people aged 55 and over who were employed in the first full quarter after exiting the program divided by the number of older people who exited during that quarter. TAA placement rate is calculated by counting the total number of people aged 55 and over who received services in PY00 and exited during this same year, and then the percentage of this group that were employed in the first full quarter after exiting the program. SCSEP placement rate is calculated by counting the number of enrollees placed in unsubsidized jobs divided by the established enrollment. The unsubsidized jobs figure only counts placements of at least 30 days that are intended to last for at least 90 days, and jobs in which the participant is better off financially with the unsubsidized job than with the community service position.

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Providers Now More Likely to Include Older Workers in Services with Younger Workers, but Some Still Offer Special Services

Fewer providers now serve older workers through separate and specially tailored programs, but some special services are still available to older workers. Research findings on how older workers learn and whether they need special services have been inconsistent, and providers under different programs have taken various approaches to serving older workers. Providers are less likely under WIA than under JTPA to treat older workers as a distinct group requiring a separate program, because WIA emphasizes a common service delivery system for all workers and individual choice over services. As they always have, TAA providers include older workers with younger workers rather than providing separate services. SCSEP, which serves exclusively older workers, tailors its job search and training services to older workers, and is colocated in the one-stop centers.

WIA Providers More Likely to Integrate Older Workers in Services with Younger Workers

Under WIA, providers are more likely to include older workers in services with younger workers than to serve them in separate programs. WIA puts greater emphasis than did JTPA on serving all workers together in one common system and gives individuals more choice over the services they receive. As a result, WIA providers are more likely to assess the needs of older workers on a case-by-case basis, rather than considering them a separate group that requires a separate set of services. Officials in 5 of the 10 local areas we visited said the implementation of WIA resulted in greater integration of older workers in services with younger workers. WIA staff members in 9 local areas we visited included older workers with younger workers in job search activities, and 90 percent of the local areas responding to our survey included older workers with younger workers in job training services.

Although some research studies support the approach of integrating older workers with younger workers, other studies have found older workers benefit from separate programs. Several research studies support the view that older workers do not have distinct learning needs and would not benefit from separate services. For example, two studies[15] found that the diversity among older workers as to how quickly different older workers learned new skills made it impossible to generalize about their

[15]William Crown, ed., *Handbook on Employment and the Elderly* (Westport, Conn.: Greenwood Press, 1996) and Noreen Hale, *The Older Worker: Effective Strategies for Management and Human Resource Development* (San Francisco: Jossey-Bass Publishers, Inc., 1990).

employment and training needs. Another study[16] found that the most effective training approaches for older workers are also the most effective for younger workers. However, other studies[17] found that while older workers can learn the same skills as younger workers, they benefit from instruction that is more hands-on, involves more one-on-one assistance, and is slower-paced than what is typically available in most training programs. In particular, older workers may benefit from separate, slower-paced computer training classes because some older workers may be unfamiliar with, and intimidated by, computers.

Several WIA officials we interviewed concluded that older workers should be included in services with younger workers because as a group, older workers have no distinct employment and training needs. For example, a local area in Florida said older workers do well in job training programs serving people of all ages. In past years the local area offered a nursing class specifically for older workers, but it cancelled this class in part because not enough older workers wanted to take it. Similarly, a local area in Massachusetts no longer offered training programs specifically for older workers, and said older workers do not need such services. According to this local area, instructional methods that are successful with younger workers are also successful with older workers, and the fact that some older workers prefer to take classes with their peers—just as some younger workers feel more comfortable in classes serving only younger workers—does not imply that older workers need separate classes.

One provision in WIA that has led to greater integration of older workers with younger workers is the requirement that program participants choose among training programs offered by qualified providers. Under JTPA, a local area could contract with a training provider to operate a job-training program designed for a specific group, such as older workers. WIA generally prohibits such contracting, instead letting individual program participants choose which training to attend. Local areas now issue vouchers to program participants, which they use to pay for training programs offered by qualified providers. Because individual program

[16]F.I.M. Craik and T.A. Salthouse, eds., *The Handbook of Aging and Cognition* (Mahwah, N.J.: Erlbaum Press, 2000).

[17]Neil Charness, et al, "Word-Processing Training and Retraining: Effects of Adult Age, Experience, and Interface," *Psychology and Aging*, vol.16, no.1 (2001). Committee for Economic Development, *New Opportunities for Older Workers* (New York 1999). Irwin Goldstein, *Training and Development in Organizations* (San Francisco: Jossey-Bass Publishers, Inc., 1989).

participants choose which training program to attend, no program can be restricted only to older workers, and older workers are more likely to be integrated in training with younger workers. For example, a local area in Pennsylvania used JTPA funds to contract with a provider for a training program serving only older workers. Under WIA, program participants choose among training programs offered by qualified local providers, and none of these providers operates a program serving exclusively older workers.

Another change under WIA that resulted in greater integration of older workers with younger workers was the elimination of the JTPA older worker set aside. Under JTPA, states were required to reserve a portion of their funds for services to older workers. Some states passed set-aside funds along to local areas, and others contracted directly with training providers to serve older workers on a statewide basis. WIA provided states with greater flexibility, allowing them to use their statewide activities funds for a wide variety of purposes. Most have not opted to reserve statewide activities funds specifically for older workers, preferring instead to include older workers in the regular adult and dislocated worker services available in the one-stop centers. Twenty-six percent of local areas responding to our survey said that because of the elimination of the older worker set-aside, they were less likely to target training programs specifically to older workers, although older workers still had access to training funded through WIA. Several local areas we visited also said they were more likely to include older workers in services with younger workers due to the elimination of the set-aside. For example, a one-stop center in Massachusetts now includes older workers in job search and resume-writing workshops available to workers of all ages, rather than providing separate workshops for older workers as they once did.

Ten of the states responding to our survey chose to use a portion of their program year 2000 statewide activities funds specifically for older worker services. Some states designated funds for older workers because SCSEP providers applied to use the funds for this purpose. Another state reserved funds for older workers to ease the transition from JTPA to WIA and to promote best practices for serving older workers under WIA. These states set aside a portion of their statewide activities funds for older worker services ranging from $47,010 in Wyoming to $931,214 in South Carolina (see table 2). Almost all the states used these funds for job search assistance and classroom training, and a few also provided other services such as on-the-job training.

Table 2: States Using WIA Funds for Targeted Older Worker Services, Program Year 2000 (July 1, 2000 to June 30, 2001)

State	Amount expended	Services provided				
		Job search assistance	Occupational skills training			Remedial training
			Classroom training	On-the-job training	Customized training[a]	
South Carolina	$931,214	X	X	X		
Florida	855,475	X	X			
Arizona	588,491[b]	X	X		X	X
Louisiana	375,391	X	X	X	X	X
District of Columbia	253,242	X	X	X		
Colorado	250,000[b]	X	X			
Georgia	243,236	X				
Idaho	134,191	X	X	X	X	X
Massachusetts	50,000	X	X			
Wyoming	47,010[b]	X	X	X	X	

Source: Survey of state WIA administrative agencies.

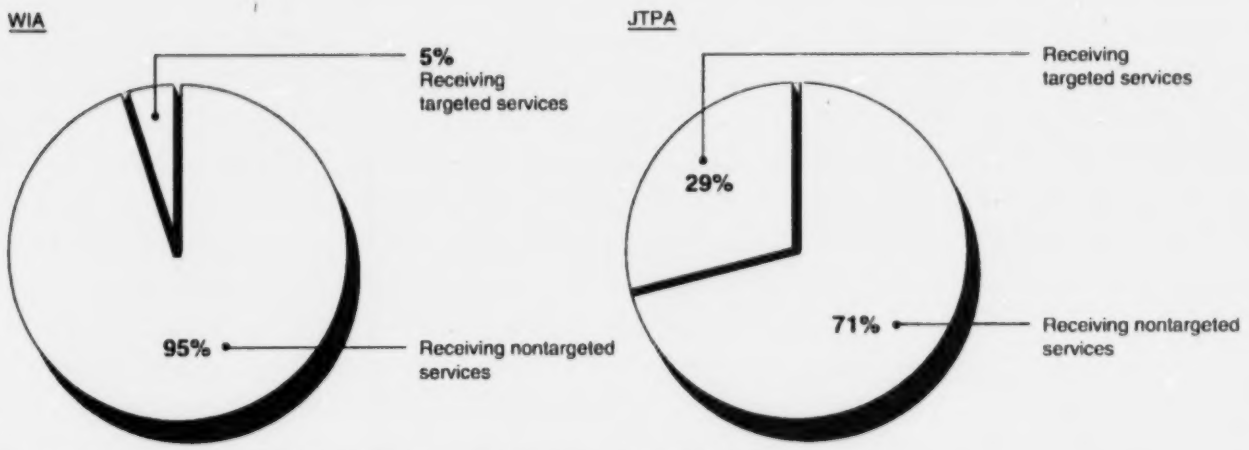
[a]Customized training is designed to meet the special requirements of an employer and is conducted with a commitment by the employer to hire the individual upon successful completion of the training. The employer pays not less than 50 percent of the cost of training.

[b]Program year 2000 funds reserved for older worker services, not necessarily expended during that program year.

Fewer older workers received targeted services funded by these 10 states than received targeted services funded by the JTPA older worker set-aside. In program year 2000, approximately 2,000 older workers received targeted services, representing about 5 percent of the older workers enrolled in the WIA adult and dislocated worker programs. In program year 1998,[18] about 11,000 people aged 55 and older received services funded by the JTPA older worker set-aside, representing about 29 percent of the older worker enrollment (see fig. 5).

[18]Program year 1998 is the last year for which JTPA data are available.

Figure 5: Percentage of Older Workers Enrolled in WIA and JTPA Receiving Targeted and Nontargeted Services



Source: WIA data are from our survey of state WIA agencies that had a response rate of 94%, and JTPA data are from the Department of Labor.

Four of the states we visited were among those that used WIA statewide activities funds specifically for older workers. Arizona, Florida, and Massachusetts used program year 2000 statewide activities funds for older workers, while California used program year 2001 funds. For example, Massachusetts used the funds to support case managers at a one-stop center who specialized in serving older workers. These specialists helped older workers find jobs and managed support groups in which older workers could share job-search experiences with their peers. Arizona used its statewide activities funds partly to support job-training programs serving only older workers, such as a customer service representative training program. The state also reserved funds to send older workers to training programs serving workers of all ages. California used $190,853 in program year 2001 funds and $672,450 in program year 2002 funds for a computer skills training program for older workers. This program served only older workers, offered a slower pace of instruction and constant review to ensure mastery of skills, and included a job-search component.

TAA providers, like most WIA providers, include older workers in services with younger workers. None of the states responding to our survey of state TAA administrators said they used TAA funds in program year 2000 to provide separate services specifically designed for older workers. As they always have, TAA providers served older workers along with younger workers.

During our site visits, administrators of public employment and training programs were unable to identify private sector companies that have established large scale training programs specifically for people aged 55 and over.[19] As we noted in a prior GAO report, employers may feel that it is more difficult to recoup the costs of hiring and training older workers because of the shorter potential length of time older workers may remain with the employer as compared with younger workers.[20]

SCSEP Offers Older Workers Special Services and Is Accessible through One-Stop Centers

Because SCSEP is a program exclusively for older workers, SCSEP staff provide job search assistance and training that is tailored to meet older worker needs. For example, SCSEP staff members in a local area in Pennsylvania adapted their job search assistance by helping older workers learn to address age-related questions in job interviews and advising them to drop graduation dates from their resumes in order to deal with the age discrimination they may face in the job market. Another SCSEP provider in Pennsylvania incorporated physical fitness into a program that trained older workers for physically strenuous health care jobs, such as home health aide. A number of SCSEP providers offered computer classes that served only older workers and introduced new material more gradually. These providers told us that older workers who have not learned new technologies in many years benefit from these computer classes.

In most local areas, older workers who visit the one-stop centers have access to some of these special services through SCSEP. Seventy-eight percent of the local areas responding to our survey said SCSEP staff was physically present in their one-stop centers at least once a week, usually providing direct services to older workers.[21] In most of the local areas we visited, older workers who visited the one-stop centers initially received the same basic job search services available to workers of all ages. Older workers were usually referred to on-site SCSEP staff only if they had had no success with basic job search and other one-stop staff members thought they could benefit from SCSEP services. At a minimum, on-site SCSEP staff enrolled income-eligible older workers in the SCSEP

[19]These program administrators, however, were able to identify private employers—such as Wal-Mart and Disney World—that had a reputation for hiring people aged 55 and over.

[20]GAO-02-85.

[21]Some SCSEP staff colocated in one-stop centers are permanent employees of SCSEP provider agencies. Others are SCSEP enrollees whose subsidized community service placement is in a one-stop center.

subsidized job program. In five of the one-stop centers we visited SCSEP staff offered additional on-site services specifically for older workers, such as job search workshops tailored to older workers, ongoing case management to help older workers find jobs, or a job bank of positions appropriate for older workers. These services were usually available to older workers not enrolled in SCSEP, as well as to SCSEP participants.

In three local areas we visited, WIA and SCSEP providers coordinated their services in ways other than cross-referral and colocation to meet the needs of their older workers. For example, in California one SCSEP provider received WIA funds from the local Workforce Investment Board to operate a satellite one-stop center focused on older workers. Although the center served visitors of all ages, it offered an array of special programs for older workers, such as a staffing service matching older professionals with employers and a computer skills class tailored to older workers. In a local area in Pennsylvania, a case manager in the one-stop centers was funded jointly by the WIA and SCSEP programs and split her time between helping visitors of all ages and providing specific services to older workers. Officials in the local area said this approach allowed the case manager to make efficient use of her time, because she could serve younger workers whenever no older workers needed assistance. Also, because the case manager was an expert both on general workforce issues and on older worker issues, she could determine the best service strategy for each older worker.

WIA Performance Measures May Affect Older Workers' Access to Services

Employment and training providers report that, as a result of WIA's performance measures, they are less likely to enroll some older workers in services such as training. Bureau of Labor Statistics and Census data suggest that older workers have unique employment characteristics, such as a tendency to work part time and a likelihood to take larger pay cuts than younger workers when they re-enter the labor market. These characteristics may negatively affect outcomes on certain performance measures, and, as a result, administrators in over half of the local areas we visited indicated that performance measures are a barrier to enrolling older workers into WIA intensive services and training.

WIA's performance measures were established to provide for greater accountability and to demonstrate program effectiveness. These performance measures gauge program results in such areas as job placement, employment retention, and earnings change, as well as skill attainment and customer satisfaction. States are held accountable by Labor for the quality of the service they provide in these areas, as judged

by specific performance outcomes. If states fail to meet their expected performance levels, they may suffer financial sanctions; if states meet or exceed their levels, they may be eligible to receive additional funds. A prior GAO report[22] noted that the WIA performance levels are of particular concern to state and local officials. If a state fails to meet its performance levels for 1 year, Labor provides technical assistance, if requested. If a state fails to meet its performance levels for 2 consecutive years, it may be subject to up to a 5 percent reduction in its annual WIA formula grant.

Under WIA, older workers are subject to the same performance measures as all other workers. There are a total of eight WIA employment related performance measures that are relevant to adults—four pertaining to individuals enrolled in the adult program and four pertaining to individuals enrolled in the dislocated worker program (see table 3).

Table 3: WIA Employment Related Performance Measures for Adults and Dislocated Workers

WIA Funding Stream	Performance Measure
Adult	Entered employment rate
	Employment retention rate at 6 months
	Average earnings change in 6 months
	Entered employment and credential rate
Dislocated worker	Entered employment rate
	Employment retention rate at 6 months
	Earnings replacement rate in 6 months
	Entered employment and credential rate

Source: U.S. Department of Labor Employment and Training Administration, Training and Employment Guidance Letter No. 7-99 (Mar. 3, 2000).

The way two of these performance measures—earnings change which compares pre- and post-WIA adult program enrollment earnings and earnings replacement which compares pre- and post-WIA dislocated worker enrollment earnings—are calculated may limit some older workers' access to more in-depth services, such as computer training. The most favorable results to these measures occur when individuals seek full-time work and had low or no prior earnings. (See appendix IV for a description of how these two measures are calculated.) Older workers are more likely to work part time than younger workers. As a result, older workers seeking part-time work as well as older workers with high prior

[22]GAO-02-275.

earnings may produce lower outcomes on performance measures as compared to those individuals seeking full-time work or with lower prior earnings.

Labor's WIA outcome data for program year 2000 provides current performance measure outcomes cumulatively for states[23] and provides evidence that older workers' unique characteristics may adversely affect program outcomes. With regard to the earnings change performance measure outcome for those enrolled in the WIA adult program, older workers had an increase in earnings that was approximately 35 percent less than younger workers—$2,924 versus $4,566. Similarly, with regard to the earnings replacement rate for those enrolled in the WIA dislocated worker program, younger workers increased their earnings by 7 percent whereas older workers experienced a decline in their earnings of 17 percent (see table 4).

Table 4: Program Year 2000 Age Differences on WIA Performance Measure Outcomes

Age	Adult-earnings change outcomes (average earnings increase)	Dislocated worker–earnings replacement outcomes (earnings replacement rate)
18-54	$4,566	1.07
55+	$2,924	.83

Source: U.S. Department of Labor, Program Year 2000, Workforce Investment Act Standardized Record Data.

Note: These data are for people who received services through local adult and dislocated worker programs and who exited the program in the first quarter of program year 2000.

As a result of the potential impact on program performance measure outcomes, WIA employment and training providers may be choosing to serve only those job seekers who are most likely to have large earnings increases. A prior GAO report[24] identified that the performance levels for the measures that track earnings replacement for dislocated workers and earnings change for adults may be especially problematic and that several state officials reported that local staff were reluctant to register dislocated workers with high prior earnings or already employed adults. Officials in six of the ten local workforce areas that we visited consider performance measures a barrier to enrolling older workers into WIA because their high

[23]There are no data from Alabama, Louisiana, New York or Pennsylvania.

[24]GAO-02-275.

prior wages and/or their tendency to work part time negatively impact the area's performance. In addition, state officials in four out of the five states that we met with concurred with this view. One state official remarked that local workforce investment boards are struggling with the WIA performance requirements, and are targeting their WIA training funds to people seeking full-time jobs at certain wage levels to meet the WIA requirements for earnings gain/replacement. The official further stated that the WIA earnings requirements make it difficult to serve job seekers looking for part-time work, and those who had prior full-time jobs with high salaries.

Several state and local officials commented that performance measures create a barrier to providing services and suggested creating a separate set of performance measures for older workers or special populations. One of the state officials stated that, in regards to the performance measures, it is imperative that the vast majority of participants earn higher wages and get full-time employment, which is at odds with serving older workers who prefer part-time jobs. Two other local officials told us that older workers seeking part-time work would not be enrolled in intensive services or training because of their effect on performance measure outcomes, but could receive core services at the one-stop centers or be referred to another program.

Of the 230 local workforce investment boards providing written comments on our survey, 23 specifically addressed the negative effects of the performance measures on older workers. For example, one official stated, "federal programs must recognize the need and desire on the part of people 55 and older for part-time work. Performance goals discourage serving this group." Seven of the 10 SCSEP national grantees we contacted also expressed a belief that WIA performance standards could be a disincentive to enrollment of older workers.

Older workers have unique employment characteristics, such as a being more likely to work part-time jobs and experiencing a greater decline in earnings when re-entering the workforce, according to the 2001 Current Population Survey[25] and the Bureau of Labor Statistics.[26] Older workers are

[25]Current Population Survey, 2001, conducted by the Bureau of the Census for the Bureau of Labor Statistics. Washington: Bureau of the Census, 2001.

[26]U.S. Bureau of Labor Statistics, January 2002 Displaced Worker Supplement to the Current Population Survey.

approximately 50 percent more likely than younger workers to work part time (see table 5).

Table 5: Part-time Workers by Age

Age	Total labor force	Part-time workers	Percentage of part-time Workers
16-54	122,934,000	19,915,000	16
55+	18,881,000	4,575,000	24

Source: 2001 Current Population Survey.

Note: Labor force includes both employed and unemployed workers. The part-time category includes people with part-time jobs or are unemployed looking for part-time jobs.

The Bureau of Labor Statistics data also show older workers who are laid off are less likely than younger workers to become re-employed. Furthermore, these data show that these older workers are more likely to be re-employed part-time (see fig. 6).

Figure 6: Employment Status by Age of Workers Displaced from Full-Time Jobs between January 1999 and December 2001

Source: Bureau of Labor Statistics, unpublished data from the Displaced Worker Supplement.

Older workers who were laid off from full-time jobs between January 1999 and December 2001 also tended to experience a slightly greater loss of earnings than younger workers upon re-employment.[27] Specifically, older workers replaced 89 percent of their previous median weekly earnings on average, versus 92 percent for younger workers (see table 6). These figures understate the impact of job loss on the income of older workers because they only pertain to full-time work and older workers are less likely to work full time when they are re-employed.

Table 6: Earnings Loss by Age of Workers Displaced from Full-Time Jobs between January 1999 and December 2001

	Employed full-time		
Age	Median weekly earnings on lost job	Median weekly earnings on current job	Replacement rate (percentage of earnings on lost job)
25-54	$643	$593	92
55-64	$710	$630	89

Source: Bureau of Labor Statistics, unpublished data from the Displaced Worker Supplement.

Conclusions

According to some economists, the United States will face a significant labor shortage by 2030. As the population ages, older workers could become crucial in filling this projected shortage. Many older workers have difficulty re-entering the workforce, and often rely on federal employment and training programs to help them find employment. Others need these programs to help them upgrade some skills, particularly computer skills, so they can enter or remain in a workplace that is becoming increasingly reliant on information technology.

Research findings have been inconsistent as to whether older workers need special services to help them find or retain employment and employment and training providers have taken different approaches to providing services to older workers. Under WIA, older workers are likely to be integrated with younger workers when receiving employment and training services through the one-stop centers rather than receive these services through separate targeted programs. While performance measures are not necessarily a problem, the way that some of WIA's performance measures are constructed has created perverse incentives for

[27]For additional information see Louis Jacobson, et al, *The Costs of Worker Dislocation* (Kalamazoo: W.E. Upjohn Institute for Employment Research, 1993).

program administrators to exclude some older workers from receiving more in-depth WIA services, such as training for a particular occupation or upgrading computer skills. Consequently, some older workers, and any other workers who share similar employment characteristics with older workers, may not receive the more in-depth services that may be necessary to help ensure that these workers are provided adequate opportunities to fill the anticipated labor shortage and meet employer needs.

Recommendation for Executive Action

In light of concerns that older workers have unique employment characteristics that could adversely affect certain program outcomes and that older workers who need in-depth job search assistance and job training to remain in, or re-enter, the workforce may not receive such services, we recommend that the Secretary of Labor assess WIA performance measures and make adjustments as necessary to eliminate the disincentive to enrolling older workers in WIA.

Agency Comments and Our Evaluation

We provided a draft of this report to Labor for review and comment. Labor noted that it found our draft to be both informative and interesting because the Department has a strong interest in the aging of the American workforce and recognizes that the increasing numbers of older people will require changes in the way older workers are thought of and treated by the employer community. Labor generally agreed with our recommendation and identified steps that it is taking to address it. Labor also provided technical comments that we incorporated where appropriate. Labor's entire comments are reproduced in appendix V.

Although Labor acknowledged that our conclusion that some performance measures may provide a disincentive to enrolling older workers in WIA programs may be correct, Labor believes that such a conclusion may be premature and noted that it is based on a limited number of comments from project operators and Workforce Investment Boards. While we agree that our conclusion is based on a limited number of survey responses and interviews, we also believe that such comments raise a warning flag to what could be a pervasive problem, and as such, should be taken into consideration. Regarding our recommendation that Labor assess WIA performance measures and make necessary adjustments to eliminate disincentives to enrolling older workers in WIA programs, Labor generally agreed, pointing out that as it assesses WIA performance measures it will identify and eliminate factors that discourage participation of any group. Labor also noted that it is preparing a report for the Senate Appropriations

Subcommittee on Labor, Health and Human Services, and Education that addresses some of the same issues covered by our report. Finally, Labor noted that it has formed a task force to review services to older workers and to identify policies to help meet the needs of this group.

We will send copies of this report to the Honorable Elaine L. Chao, Secretary of Labor; relevant congressional committees; and other interested parties. Copies will be made available to others upon request. In addition, the report will be available at no charge on the GAO Web site at http://www.gao.gov. Please contact me on (202) 512-7215 if you or your staff have any questions about this report. Other major contributors to this report are listed in appendix VI.

Sincerely yours,

Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security

Appendix I: Objectives, Scope, and Methodology

We were asked to determine (1) to what extent people aged 55 and over are enrolled in federal employment and training programs and what services they receive, (2) how employment and training services are provided to older workers, and (3) how performance measures may have affected services for older workers. In our review of federal employment and training programs we focused on three programs funded by the Department of Labor (Labor): SCSEP because it is the only Labor program that serves exclusively older workers; WIA because it is the largest program in terms of funding for employment and training services and because its predecessor program, JTPA, required states to set aside funds to provide employment and training services specifically for older *workers; and TAA because Labor officials told us the program serves many older workers laid off from mature manufacturing industries such as steel making and textiles.

To conduct our review we visited 10 local areas in 5 states, meeting with both local and state officials. We surveyed state officials responsible for the WIA, SCSEP, and TAA programs in all 50 states, the District of Columbia, and Puerto Rico. We also surveyed officials from all 595 local Workforce Investment Boards nationally. We conducted phone interviews with the ten national SCSEP grantees and interviewed officials from Labor and from research and advocacy organizations such as AARP, Urban Institute, and National Association of State Units on Aging. We obtained and analyzed service and outcome data from Labor on the WIA and SCSEP programs. Although we did not independently verify the data from the Department of Labor we did review and take into consideration Labor's documents describing the quality of the WIA data. Finally, we reviewed research studies on older workers' employment and training needs.

Site Visits

We selected five states for site visits according to several criteria, including the proportion of the population that was aged 55 and older and the amount of funds received for administering SCSEP and the WIA Adult and Dislocated Worker programs (see table 7). We also chose some states because we knew they had special programs or policies regarding older workers as well as to ensure geographic diversity. In each state, we interviewed officials responsible for administering the state's WIA and SCSEP programs. In some states, we also met with officials responsible for the TAA program.

Table 7: Proportion of Population Aged 55 and Older and Funds Received for SCSEP and WIA Adult and Dislocated Worker Programs for Selected States

State	Proportion of population 55+ (2000)	Rank	WIA Adult, WIA Dislocated Worker, and SCSEP Funds (Program Year 2000)	Rank
Arizona	21.6%	26	$32,906,236	25
California	18.3	47	495,357,738	1
Florida	27.3	1	105,684,671	5
Massachusetts	22.2	17	35,418,614	20
Pennsylvania	24.8	3	95,409,899	6

Source: U.S. Census Bureau and Department of Labor.

Within each state we judgmentally selected two local workforce areas to visit—one urban and one rural area (see table 8). In each location, we interviewed officials representing the WIA program and officials from at least one local SCSEP program. The local SCSEP programs we met with received funds from state SCSEP grantees and from several of the national SCSEP grantees. In addition, in some local areas we visited one-stop centers, met with organizations that promote local business development, and observed job-training programs designed for older workers. Finally, while in California we met with Experience Works, a SCSEP national grantee that received WIA funds to operate a computer-training program targeted to older workers.

Table 8: Local Areas Selected for Site Visits

State	Local area	City	Funding source for local SCSEP program(s)
Arizona	Maricopa County	Peoria (suburban Phoenix)	Arizona, National Council on the Aging, Inc.
	Navajo County	Show Low	National Council on the Aging, Inc.
California	Silicon Valley	San Jose	California
	Stanislaus County	Modesto	California, National Senior Citizens' Education and Research Center
Florida	Chipola	Marianna	Florida
	Suncoast	Sarasota	AARP Foundation
Massachusetts	Boston	Boston	National Senior Citizens' Education and Research Center
	Franklin/Hampshire Counties	Greenfield	Massachusetts, National Senior Citizens' Education and Research Center
Pennsylvania	Central Pennsylvania	Lewisburg	Pennsylvania, Experience Works
	Luzerne/Schuylkill Counties	Wilkes-Barre	Pennsylvania

Source: GAO analysis

Surveys

We distributed three surveys to the 50 states, the District of Columbia, and Puerto Rico, focusing on services to older workers during program year 2000 (July 1, 2000, to June 30, 2001). One survey was designed to obtain information on how states used SCSEP funds, including their use of these funds for training, whether they imposed time limits on host agency assignments, and how they used 502(e) funds. We received 50 responses to this survey (96 percent). Rhode Island did not return the SCSEP survey, and Florida was unable to return the survey because it did not centrally administer its SCSEP funds during program year 2000. A second survey was designed to obtain information on how states used WIA funds to serve older workers, including the number of older workers served, what services they received, and whether and how states used their statewide activities funds specifically for older workers. We received 49 responses to this survey (94 percent). Connecticut, Delaware, and South Dakota did not return the WIA survey. Our third survey was designed to obtain information on how states used TAA funds to serve older workers, including how many older workers were served and what services they received. We received 48 responses to this survey (94 percent). Michigan, Missouri, and South Dakota did not return the TAA survey, and Puerto Rico did not have a TAA program.

We also distributed a survey to all 595 local Workforce Investment Boards nationally to obtain information on how local workforce areas delivered services to older workers during program year 2000. This survey covered topics including special services available to older workers in the one-stop centers, the colocation of SCSEP staff in the one-stop centers, and the impact of the loss of older worker set-aside funds on services to older workers. We received 470 responses to the survey (79 percent).

Finally, we conducted telephone interviews and a mail survey to obtain information from the ten national SCSEP grantees on their services to older workers during program year 2000. The telephone interviews with all ten national grantees covered topics such as how job search and training services were delivered, the use of 502(e) funds, and coordination with WIA. All 10 national grantees returned the mail survey, which included quantitative questions on services provided and the use of 502(e) funds.

Appendix II: SCSEP National Grantee Activity in Program Year 2000 (July 1, 2000 to June 30, 2001)

Table 9: SCSEP National Grantee Activity in Program Year 2000

National grantee	Expenditures	Participants served	Number of states in which grantee operated[b]
AARP Foundation	$52,814,971	15,253	32
Asociacion Nacional Pro Personas Mayores (ANPPM)	13,372,006	2,556	11
Experience Works (EW)	109,547,345	29,416	45
National Center and Caucus on Black Aged, Inc. (NCBA)	13,048,388	2,672	11
National Council on the Aging (NCOA)	39,314,754	8,524	19
National Senior Citizens Education and Research Center, Inc. (NSCERC)[a]	65,325,900	15,156	28
National Urban League (NUL)	15,328,944	3,504	16
United States Forest Service (USFS)	27,394,144	5,563	42
National Indian Council on Aging, Inc. (NICOA)	6,077,530	1,415	15
National Asian Pacific Center on Aging (NAPCA)	6,037,991	1,326	8

Source: The source for participants served and number of states in which grantees operated was Labor. The source for expenditures was our survey of the national grantees.

[a]Name has since been changed to Senior Service America (SSA).

[b]States include District of Columbia and Puerto Rico.

Appendix III: SCSEP Grantees' Use of 502(e) Funds in Program Year 2000 (July 1, 2000 to June 30, 2001)

According to our surveys, eight national grantees and 22 state grantees used 502(e) funds during program year 2000 to place older workers in and train them for private sector employment. Grantees can operate 502(e) projects through two funding mechanisms: they can apply for funds from a national pool of competitively awarded 502(e) funds, and they can choose to use a portion of their regular formula funds to sponsor 502(e) projects.

Table 10: SCSEP Grantees' Use of 502(e) Funds in Program Year 2000

			Services provided				
					Occupational skills training		
Grantee	502(e) funds expended[a]	Number served	Subsidized employment/on-the-job training	Job search assistance	Classroom training	Customized training	Remedial training
AARP	$391,120	1,162	X				
EW	1,389,899	9,667	X	X	X	X	
NCBA	40,879	68	X	X		X	
NCOA	1,601,082	1,574	X		X	X	
NSCERC[a]	523,164	610	X	X	X	X	
USFS	88,362	48	X	X	X	X	X
NICOA	28,477	14	X		X		
NAPCA	73,460	44	X	X			
Arizona	25,359	15	X				
California	24,208	25	X	X	X	X	X
Delaware	52,228	43	X	X			
Georgia	40,510	66	X	X	X	X	X
Kansas	140,000	101	X	X		X	
Louisiana	38,836	21	X			X	
Michigan	6,000	3	X				
Minnesota	4,296	Not available	X		X	X	
Montana	42,245	75		X	X	X	X
New Hampshire	4,100	5	X	X		X	
New Mexico	52,960	7	X	X	X	X	
New York	65,573	89	X	X	X		
North Carolina	57,912	43	X	X	X	X	X
Ohio	336,570	216	X	X	X		
Oregon	30,519	18	X	X			
Pennsylvania	99,777	110	X	X	X		
South Carolina	14,217	9	X	X	X		
South Dakota	2,469	27	X	X	X		X
Utah	76,000	175	X	X	X	X	X
Vermont	99,200	60	X	X	X	X	

			Services provided				
					Occupational skills training		
Grantee	502(e) funds expended[a]	Number served	Subsidized employment/on-the-job training	Job search assistance	Classroom training	Customized training	Remedial training
Virginia	Not available	6	X	X		X	
Wisconsin	19,637	23	X				

Source: Surveys of state and national SCSEP grantees.

[a]Includes competitively awarded and regular formula 502(e) funds.

[b]Name has since been changed to Senior Service America (SSA).

Appendix IV: WIA Earnings Change and Earnings Replacement Rate Performance Measure Calculations

Adult Measure

Measure 3: Adult Average Earnings Change in Six Months

Of those who are employed in the first quarter after exit:

Total post-program earnings (earnings in quarter 2 + quarter 3 after exit) minus pre-program earnings (earnings in quarter 2 + quarter 3 prior to registration) divided by the number of adults who exit during the quarter.

Dislocated Worker Measure

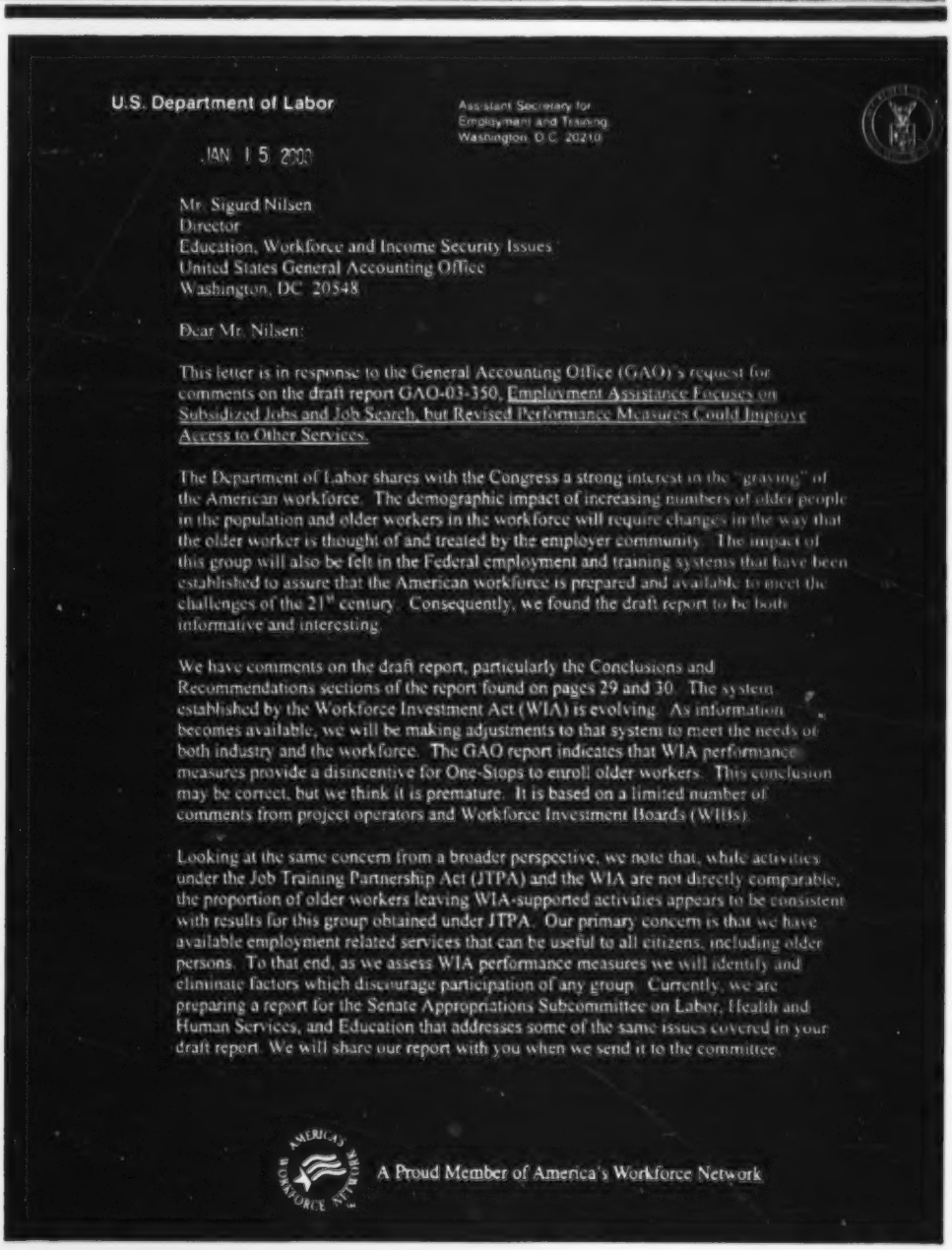
Measure 7: Dislocated Worker Earnings Replacement Rate in Six Months

Of those who are employed in the first quarter after exit:

Total post-program earnings (earnings in quarter 2 + quarter 3 after exit) divided by the pre-dislocation earnings (earnings in quarters 2 + quarter 3 prior to dislocation)

Source: U.S. Department of Labor, Employment and Training Administration, Training and Employment Guidance Letter No. 7-99 on Core and Customer Satisfaction Performance Measures for the Workforce Investment System, March 3, 2000, pp. 11 & 13-14.

Appendix V: Comments from the Department of Labor



U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

JAN 15 2003

Mr. Sigurd Nilsen
Director
Education, Workforce and Income Security Issues
United States General Accounting Office
Washington, DC 20548

Dear Mr. Nilsen:

This letter is in response to the General Accounting Office (GAO)'s request for comments on the draft report GAO-03-350, Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services.

The Department of Labor shares with the Congress a strong interest in the "graying" of the American workforce. The demographic impact of increasing numbers of older people in the population and older workers in the workforce will require changes in the way that the older worker is thought of and treated by the employer community. The impact of this group will also be felt in the Federal employment and training systems that have been established to assure that the American workforce is prepared and available to meet the challenges of the 21st century. Consequently, we found the draft report to be both informative and interesting.

We have comments on the draft report, particularly the Conclusions and Recommendations sections of the report found on pages 29 and 30. The system established by the Workforce Investment Act (WIA) is evolving. As information becomes available, we will be making adjustments to that system to meet the needs of both industry and the workforce. The GAO report indicates that WIA performance measures provide a disincentive for One-Stops to enroll older workers. This conclusion may be correct, but we think it is premature. It is based on a limited number of comments from project operators and Workforce Investment Boards (WIBs).

Looking at the same concern from a broader perspective, we note that, while activities under the Job Training Partnership Act (JTPA) and the WIA are not directly comparable, the proportion of older workers leaving WIA-supported activities appears to be consistent with results for this group obtained under JTPA. Our primary concern is that we have available employment related services that can be useful to all citizens, including older persons. To that end, as we assess WIA performance measures we will identify and eliminate factors which discourage participation of any group. Currently, we are preparing a report for the Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education that addresses some of the same issues covered in your draft report. We will share our report with you when we send it to the committee.

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I have formed a task force to review services to older workers and to identify policies that will make more effective use of this valuable human resource. We will be examining as much information as possible to formulate policies that can meet the needs of this portion of the workforce. The Department of Labor is committed to continuous improvement in all aspects of our mission to serve older workers.

Sincerely,

Emily Stover DeRocco

Appendix VI: GAO Contacts and Staff Acknowledgments

GAO Contacts

Joan Mahagan (617) 565-7532
Wayne Sylvia (617) 565-7492

Staff Acknowledgments

Melissa Emrey-Arras, Laura Greene, and Lorin Obler made significant contributions to this report, in all aspects of the work throughout the assignment. In addition, Michael Coullahan conducted the information gathering segment for the SCSEP national grantees, Arthur Merriam and Joseph Evans contributed to the initial design of the assignment, Shana Wallace and Stuart Kaufman assisted in the design of the four national surveys, Carolyn Boyce conducted the data analysis for one of these surveys, Roger Thomas provided legal support, and Corinna Nicolaou assisted in the message and report development.

Related GAO Products

Workforce Investment Act: States' Spending Is on Track, but Better Guidance Would Improve Financial Reporting. GAO-03-239. Washington, D.C.: November 22, 2002.

Workforce Investment Act: States and Localities Increasingly Coordinate Services for TANF Clients, but Better Information Needed on Effective Approaches. GAO-02-696. Washington, D.C.: July 3, 2002.

Workforce Investment Act: Coordination of TANF through One-Stops Has Increased Despite Challenges. GAO-02-739T. Washington, D.C.: May 16, 2002.

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